Message Text

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E.O. 11652: GDS TAGS: MASS

SUBJECT: MILITARY ASSISTANCE TO ETHIOPIA

- 1. IN THIS MESSAGE, I WOULD LIKE TO EXPLORE WITH YOU SOME THOUGHTS ABOUT MILITARY ASSISTANCE FOR ETHIOPIA STIMULATED BY ETHIOPIANS, PRESENT APPARENT RELUCTANCE TO SIGN FY7T CREDIT OFFER. MILITARY ASSISTANCE, AS YOU KNOW, FORMS A KEYSTONE FOR OUR RELATIONS WITH THIS COUNTY AND MAY YET PROVIDE AN IMPORTANT BRAKE TO THE EPMG'S LEFTWARD LURCH. WHETHER OR NOT ETHIOPIANS SIGN PRESENT CREDIT OFFER WILL NOT, OF COURSE, PUT AN END TO OUR PROGRAM. PIPELINE IS STILL LONG. AND EVEN IF THEY DON'T SIGN, ETHIOPIANS MAY WELL ATTEMPT TO CONTINUE CASH PURCHASES. NONETHELESS IF THEIR FAILURE TO SIGN WERE TO LEAD TO AN END TO NEW CREDIT OFFERS OR IMPACT ON THE FUTURE OF MAAG HERE WITHOUT THEIR BEING AWARE OF IT WHILE THEY STILL HAVE TIME, THEN I BELIEVE WE SHOULD CONSIDER SAYING SOMETHING NOW TO THEM ABOUT THE POSSIBLE CONSEQUENCES OF A FAILURE TO SIGN BEFORE SEPT 30.
- 2. AT THIS POINT, WE ADMITTEDLY HAVE NO REAL INDICATION THAT THE EPMG WILL NOT SIGN THE FY7T CREDIT OFFER FOLLOWING THE FAILURE OF MEKBIB'S DEMARCHE IN WASHINGTON. WE HAVE BEEN TOLD BY MINDEF AYALEW THAT INTEREST RATE WOULD PREVENT AGREEMENT, AND FONMIN KIFLE MENTIONED TO ME MINISTRY OF FINANCE OPPOSITION TO THE INTEREST RATE, BUT I DO NOT KNOW WHETHER MINISTRY OF FINANCE'S VIEW WILL PREVAIL. IN ANTICIPATION THAT IT MIGHT, HOWEVER, I BELIEVE WE SHOULD BE CONFIDENTIAL.

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THINKING ABOUT TWO QUESTIONS IN THE CONTEXT OF THE FUTURE: (A)

IN EVENT OF A SECOND TURNDOWN, WOULD WE THEN BE LIKELY TO OFFER CREDIT IN FY77, AND (B) MIGHT THERE BE AN IMPACT ON THE FUTURE PRESENCE OF MAAG, BEARING IN MIND WHAT I ASSUME WILL BE A REVIEW OF ITS STATUS AFTER SEPT 30, 1977, IN CONNECTION WITH THIY YEAR'S SECURITY ASSISTANCE LEGISLATION?

3. IF, IN YOUR READING OF WASHINGTON SCENE, ANSWER TO FIRST QUESTION IS LIKELY TO BE NEGATIVE, AND ANSWER TO SECOND IS AFFIRMATIVE, THEN I BELIEVE WE SHOULD THINK ABOUT WHETHER OR NOT WE SHOULDN'T SAY SO TO ETHIOPIANS BEFORE SEPT 30 DEADLINE PASSES. IN ADDITION TO BEING AS HONEST WITH THEM AS WE CAN, IT SEEMS TO ME THAT IF WE DO SO WE PUT OURSELVES IN BETTER POSITION IN FY77 THAN WE MIGHT OTHERWISE BE IN IF WE HAD TO TELL THEM UNPLEASANT DEVELOPMENTS AFTER SEPT 30 AND HAVE TO RELATE THEM TO THE TWO CONSECUTIVE TURNDOWNS.

4. I REPEAT, I DO NOT KNOW WITH CERTAINTY EPMG'S FINAL INTENTIONS RE PRESENT FMS CREDIT OFFER, NOR DO I NECESSARILY THINK WE SHOULD URGE THEM TO SIGN SINCE THE DECISION IS THEIRS TO MAKE. I DO HAVE THE FEELING, HOWEVER, THAT BEFORE MAKING FINAL DECISION THEY SHOULD BE AWARE OF WHATEVER WE CAN TELL THEM. WHETHER SAYING ANYTHING AT ALL, HOWEVER, IS EITHER POSSIBLE OR EVEN WISE, DEPENDS GREAT DEAL UPON YOUR JUDGMENT OF LIKELY HAPPENINGS IN WASHINGTON, AND I WOULD THEREFORE WELCOME YOUR THOUGHTS.

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